

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2021 / 2022

DBL5624 – PRINCIPLES OF COMPANY LAW

(For Diploma Students Only)

22 APRIL 2022
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **THREE (3)** pages with **FOUR (4)** questions.
2. Answer all questions.
3. You are required to cite relevant provisions and case laws.
4. Write all your answers in the Answer Sheets provided.

QUESTION 1

- a) Dinie is the executive director of ABX Trading Sdn. Bhd. ABX Trading Sdn. Bhd has been incorporated since 2016 and the company supplies various range of equipment for telecommunications. Dinie also has set up his own company called Dinie Empire Sdn. Bhd. While holding a director position in ABX Trading Sdn, Bhd, he has secretly transferred a secret profit into Dinie Empire Sdn. Bhd's account. One day, it was revealed to ABX Trading Sdn. Bhd that Dinie has committed fraud by transferring a secret profit to his own company. Therefore, the company requested the court to freeze Dinie's personal assets as well as Dinie Empire Sdn. Bhd's assets.

However, the legal representative opposed the order. They claimed that Dinie Empire Sdn. Bhd and Dinie was a separate legal entity. Dinie was not liable on this matter as it was transferred to the company's account not his personal account.

As a legal advisor of ABX Trading Sdn. Bhd, advise whether Dinie and Dinie Empire Sdn. Bhd is a separate legal entity or not? (15 marks)

- b) Briefly discuss the **SEVEN (7)** effects of incorporation according to Section 20 and Section 21 of the Companies Act 2016. (10 marks)

[Total: 25 marks]

QUESTION 2

- a) Khadijah has started her own business called SK Sdn. Bhd. She is the only director in the company. SK Sdn. Bhd is growing very fast and Khadijah decided to appoint her cousin, Farah as a director in the company. Farah has graduated from Sunway University and holds a degree of Marketing Management. Farah is a Singaporean citizen and currently lives in Singapore. Khadijah is confused on whether SK Sdn. Bhd can operate if they appoint Farah as a director in the company according to Companies Act 2016? (15 marks)

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- b) Pharmanova Sdn. Bhd is a well-known pharmaceutical company in Malaysia. The company focuses on the development, manufacturing of two product categories such as prescription pharmaceuticals and self-medication. Recently, one of their directors has died due to an accident. Therefore, they wanted to appoint a new director of the company. One of the directors suggest to appoint Mr. Jason as a new director. He has a strong background in marketing and was a former Chief Strategy Officer in Terra Pharmacy Sdn. Bhd. Majority of the members agreed to appoint him as a new director.

One day, there was news that Mr. Jason has been detained by Malaysian Anti-Corruption Commission (MACC) and convicted on the charge of receiving bribes over RM 500,000.00 over a contract when he was Chief Strategy Officer in Terra Pharma Sdn. Bhd. Due to this, Pharmanova Sdn. Bhd stated that he has been disqualified as a director in the company. Mr. Jason argued that he was still qualified since this incident happened before he joined Pharmanova Sdn. Bhd.

As a legal advisor of Pharmanova Sdn. Bhd, determine whether Mr. Jason is qualified as a director according to Companies Act 2016. (10 marks)

[Total: 25 marks]

QUESTION 3

- a) Munchies Food Sdn. Bhd is a homegrown biscuit brand in Malaysia. It has been incorporated since 1994. One day, due to dissatisfaction with the previous auditor, they decided to appoint a new auditor. Therefore, one of the directors, Mr. Alex suggest to appoint his friend Mr. Aris as a new auditor. Mr. Aris is a qualified auditor that has been appointed by the minister. Due to Mr. Aris's achievement, the company agreed to appoint him.

Six months later, it has come to the knowledge that Mr. Aris has indebted to the company amounted RM 15,000.00. Due to this issue, they had denied all his right to access to any accounting records. The board of directors also has denied his right to attend the general meeting in the company. They argued that Mr. Aris is disqualified to be an auditor in Munchies Food Sdn. Bhd.

By referring to the situation, discuss the following:

- (i) Whether Mr. Aris is a qualified auditor according to Companies Act 2016? (10 marks)
- (ii) Whether Mr. Aris has right and authorize power as an auditor according to Companies Act 2016? (15 marks)

[Total: 25 marks]

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QUESTION 4

- a) Company once created by law can only be dissolved by a process of law.
Explain the effects of winding up on the company. (6 marks)
- b) State **FOUR (4)** procedures for winding up by the court. (4 marks)
- c) Mamma Rich Sdn. Bhd was established in 2016. The company owns 10 restaurants in Malaysia. In 2019, they took out a loan from BigBank Bhd for RM 1,000,000.00 to expand their business. Unfortunately, due to COVID-19 pandemic, the company has suffered loss. The business's profit dropped drastically. The company failed to pay the loan instalments and they had to retrench the employees. Therefore, BigBank Bhd had demanded the arrears of payment from Mamma Rich Sdn. Bhd by serving a few notices to them.

As a legal advisor, advice whether BigBank Bhd has a legal right to apply for winding up by the court? (15 marks)

[Total: 25 marks]

End of Paper